

A
General LOAN

BY

32

Act of Parliament:

OR, A

Farther IMPROVEMENT

OF THE

S C H E M E

TO

PAY the Publick Redeemable

D E B T S,

W I T H O U T

Real New TAXES.

about 1719.

1870-1871

Assistant

THOMAS

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295

MEMORANDUM



THOMAS

THOMAS



A
General L O A N
BY
A C T of PARLIAMENT:
OR, A
Farther Improvement
OF THE
S C H E M E, &c.



HIS Great Undertaking has appear'd so difficult, that most People look'd upon it. an Imagination not reducible to Practice.

The Want of it nevertheless evidently appears, when it is consider'd,

That the Nation Pays Yearly *Three Millions* for *meer Interest Money*, without lessening the Principal Debt, (which Debt is about Fifty Millions) *One Million* of which *Three Millions Interest Money* may be supposed to be paid to the Subjects of Holland, France, and other Nations, whereby they draw out of the Kingdom, every Year, *One Million* of Cash, without diminishing their Principal Debts, which is a *Dead Loss* to the Nation.

That *France* makes all possible *Haste* to clear its publick Debts, not sparing violent and arbitrary Methods for that End; and it would be a strange Thing, to see *France* get the Start in clearing its Debts, when *Great-Britain* has so much better Means to do the same Thing, without Violence or Injury, or even Hardship to any Man.

This being the Case, it is propos'd, that this Great Undertaking may be effected by these Two Methods, as the sole Means for that End.

I. *The First Method is,*

By a General Loan by Act of Parliament: Whereby all People, according to their Estates, shall be *Taxed* to Lend Moneys to the Government, at the Interest of *2 l. 10 s. per Cent.* to pay off the Debts which carry the High Interest of *6 l. per Cent.* By Means whereof, the Old Funds may be applied thus, viz. Part of them to pay the *2 l. 10 s. per Cent.* for the New Money, and *10 s. per Cent.* to pay Charges of Officers, &c. in all *3 l. per Cent.* And the Residue of the Funds being *3 l. per Cent.* may be applied to sink the principal Debt: So that if the Nation can have Moneys at *3 l. per Cent.* its own present Funds will not only pay that low Interest, but will soon clear off the

the Principal Debts, *without Real New Taxes*, which is a Proposition so plain and intelligible, that there needs no Specimen or Example to explain it.

II. *The Second Means is,*

By Raising a National Credit, (the Center whereof is now fixed in the *Bank of England*.) Which may be raised and managed, as not only to carry this Proposal into Execution, but to hasten and accomplish the Payment of all the Debts in a very short time.

These Two Propositions will ('tis hop'd) appear intelligible and practicable, and that all the Redeemable Debts may be paid without Real New Taxes, from the Explanations following, viz.

I. AS TO THE GENERAL LOAN BY ACT OF PARLIAMENT,

It may be thus explained: That such *Taxes* as shall be raised for this Purpose, shall be *repaid and refunded* to the People, and be secur'd by *Notes or Tickets*, payable to the Bearer, with Interest, at 2 l. 10 s. per Cent. at the end of One Year; which turns the Tax into a *meer Lending of Money* at Interest, upon Security, by Notes that will immediately pass in Payments as Money. For Example:

The Land-Tax of 4 s. in the Pound, and the Malt-Tax, may be so order'd, that every Person shall have a Ticket for the Money he pays, after the manner of the *Lottery Tickets*, payable to the Bearer at the end of One Year, with Interest at 2 l. 10 s. per Cent.

These Tickets may be regulated by the Assessments of the Land-Tax in every Place; and being *delivered by Tenants*
to

their Landlords, in Payment of so much of their Rents, the Landlords will receive again that Part of their Rents with Interest; And therefore such a Tax can never be called a Real Tax.

4 s. in the Pound, may (without Breach of Faith) be imposed on all Moneys payable out of the Exchequer Funds, which being Three Millions per Annum, this single Tax will amount to 600,000 l. per Annum.

But this Tax being to be repaid and refunded, with Interest, at 2 l. 10 s. per Cent. the manner of doing it may be thus explain'd: Each Person having 100 l. to receive at the *Exchequer*, is to be paid his whole 100 l. (to wit) 80 l. in Money, and 20 l. by a *Bank Note* or *Exchequer Bill*, payable, with Interest, at 2 l. 10 s. per Cent. at the end of One Year. Which *Bank Note* or *Exchequer Bill* for 20 l. will pass in all Payments as Money, and consequently the Tax cannot be esteem'd as a *Real Tax*: And therefore it can never be objected, That such a Tax will be a Breach of any *Parliamentary Engagement*, neither can any reasonable Man ever complain that any Hardship or Injury is done him.

4 s. in the Pound may be imposed on all Salaries and Pensions payable out of the Civil List, and on all Salaries of Officers of the Excise and Customs.

To be refunded in like manner as before.

A Tax not less than 20 s. nor exceeding 10 l. may be imposed on all Taverns, Inns, Victualling-Houses, Ale-houses, Coffee-Houses, Chocolate-Houses, &c.

But the *Vintner, Victualler, &c.* being to have, for the Tax he pays, a Note or Ticket, payable to Bearer, carrying such Interest as above: The Note or Ticket will pay his Merchant for Wine, or his Brewer for Ale, Beer, &c.
And

And therefore it cannot be accounted a *Real Tax*.

A Voluntary Loan by Act of Parliament, in the Nature of a Capitation, the Quantum to be left to every Man's free Will to Tax himself, so as it be not less than one half of the last Poll-Tax.

But each Person being to have, for such Tax, a Ticket payable to Bearer, and each Ticket for 20 s. or more, to carry Interest as above, *It cannot be call'd a Real Tax.*

Object. But it will be objected, That this Method will be Infinite and Impracticable.

Ans. Why should it not be as Practicable, as giving the like vast and prodigious Number of Tickets in the Lotteries, which entitle the Bearer to the Money?

Object. But at the end of the Year, when these Notes or Tickets, and *Exchequer Bills* become Payable, How shall they be Paid?

Ans. The same Taxes or Duties may be repeated again, and the Second Year's Tax, will Pay off the former Yearly Tax Notes or Tickets, and *Exchequer Bills*.

II. *AS TO THE NATIONAL CREDIT, (the Center whereof is now fixed in the Bank of England,) the same may be raised and manag'd, to hasten and accomplish the Payment of all the Debts, in a very short Time, by the Means following.*

That the Two Great Companies, *viz. South-Sea and East-India Company*, should be engag'd in this Undertaking to support this *National Credit*, for which they might be *Gratified* by the Parliament.

1. To

1. To unite the *Exchequer* Credit to the *Bank* Credit, by remitting into the *Bank*, all the *Publick Funds*, to Pay the State Creditors, so as to make it one *National Credit*, which will extend to *all Foreign Parts*, and make *Bank-Notes* pass in Payment all over *Europe*.

2. By enabling the *Bank* to Pay *an Interest* out of the *Funds* of 2 l. 10 s. *per Cent.* on their Notes payable *at Demand*, for this End; which will draw into the *Bank* all the loose Money now dispersed in other Hands, and that lies dead without any Interest at all; for few People will let their Money *lie dead*, when they can have an Interest of 2 l. 10 s. *per Cent.* and their Money *at Demand*.

3. It seems necessary to vest in the *Lords Commissioners of the Treasury*, and the *Directors of the Bank*, a Discretionary Power, to direct the Manner of Paying off the Redeemable Funds, at such Times, and in such Proportions as they shall judge most conducive to the *Main End*, by giving the usual Notice, that so much or such standing Orders, on such a Fund, from N^o 1. to N^o 100. *Inclusive*, shall be Paid off: *For which Purpose, the Great Publick Debts should be divided and separated into Classes (One Million in a Class.)*

4. That the said *Lords and Directors* shall have Power to give the Creditor is *their Election*, to be Paid either by *Current Cash*, *Bank-Notes*, or by *Exchequer-Bills* carrying 2 l. 10 s. *per Cent.* Interest, Payable by the *Bank at Demand*. In which Case, there can be no doubt but the Creditors will take the *Exchequer-Bills*, with 2 l. 10 s. *per Cent.* rather than *Ready Money*, which they know not how immediately to lay out upon what will produce Interest.

5. *A Means to invite the Bank to enter into this Great Undertaking, will be, to establish a reasonable part of their Fund, (viz.) Two Millions for a considerable Number of Years, which will sufficiently Recompence the Bank, by raising their Stock to double the Value, because they will receive 6 l. per Cent. when others receive but 2 l. 10 s. per Cent.*

6. *But the seeming-great and insuperable Difficulty, will be, how to stop a Run or General Demand upon the Bank, and yet at the same time not render the People uneasy or dissatisfied.*

It is impossible but Runs or General Demands will happen, either by Fears from Abroad, or from Disturbances or Jealousies at Home.

It is therefore Propos'd, That an Effectual Remedy for this Evil may be thus provided:

That a Power be vested in the said *Lords and Directors*, when they see just Cause, To give Publick Notice, That all the *Exchequer Bills* so Issued in the Discharge of the Debts, shall be again Charg'd on, and Re-assign'd to the same *respective Funds* which were at first Appropriated to them, and by which they were at first Secur'd, and shall carry Interest at 5 l. or 6 l. per Cent. from that Day, for so many Months as shall be esteem'd Satisfactory.

This Expedient will most probably gain an entire Confidence and Credit with all Men; because if the Creditors have their Debts again Secur'd, as they were at first, at the same Interest, and in the same Number and Course of Payment, and placed on the same Funds, which then will be made so much better, by how much of the Principal Debt will be at that time Paid off; No Man can say that he is prejudic'd or wrong'd, for he is set down in as good a Condition, and in a much better Place,
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than the Place where he was, when he was at first Paid off : *There being no Difference, but that his Parchment Order is chang'd into an Exchequer-Bill, Payable to the Bearer.*

The Apprehension that the Interest at 2 l. 10 s. per Cent. is infallibly Secur'd, and that the Principal (*in the worst Events*) may and must be Re-placed upon the Old Fund or Security ; I say such an Apprehension and Belief *will make a Paper Note as good as Money*, (such Paper Note or *Exchequer Bill*, being in this Case better than the First Tally and Order.)

The Growth of this Credit will be inconceivable ; *For as the Fund* will be gradually unloaded by Payment of part of the Principal Debt, *so the Credit of that Fund* will gradually rise in the Opinion of the Creditors, *because the Security grows greater and greater, (pari passu) as the Debts grow less and less* : In this Case the Security eats up and diminishes the Debt, instead of the Debts devouring the Security.

If the Reason why the Credit of the *East India Bonds* rises higher than the Credit of any other Security, be enquired into, it will be found, That if the Creditor wanted his Money in Specie, he could not have or receive it of that Company ; *Yet because the Company* pays the Interest punctually, and all Men believe that their Fund *is good in the Event*, their Bonds will sell at the *Exchange* for more Money than the Real Debt due upon them : *Now if the Common Belief* of the Goodness of the *East-India Company's* Security, makes their Bonds *better than Money*, why should not the *Exchequer Funds*, as they are gradually unloaded of part of the Principal Debt, grow up into *as great Credit as East-India Bonds* ; especially when it is consider'd that the *Exchequer Funds*, in Proportion to the remaining Debts upon 'em, will become *greater and stronger than the East-India Security* in Proportion to their Debts?

Another

Another Advantage and Improvement of this Sort of Credit, is, That these *Exchequer Bills*, Payable to the Bearer, will be Paid, and pass from Hand to Hand, in the same easy Manner as *East-India Bonds* do, and will be therefore *preferr'd to the comparatively tedious Manner of Payments, Transfers, and Registers in the Exchequer.*

It may be reasonably presum'd, That the *Bank* being thus Establish'd and Secur'd by the Funds; and being also Arm'd with such a Power to stop a Run or General Demand, may with One Million circulate Ten Millions or more, and so hasten the Discharge of the Debts.

This vast Flux of Money from the *Exchequer* into the City, will have this certain Effect, That it will lick up every Security that can be found out, tho' it produce but 4 l. per Cent. and consequently will naturally and without Force reduce Interest to 4 l. per Cent. which Interest is not so good as 2l. 10 s. per Cent. where the Principal is at Demand.

It need not be mention'd, That all Force upon Credit is to be avoided, it being not in the Power of Man to make a Piece of Paper equal in Value to Money, unless the Proprietor or Creditor thinks his Security and Interest as good as Money.

Therefore every Creditor, when he receives his Debt, must be left at full Liberty, to take either a Bank Note Payable at Demand without Interest, or an *Exchequer Bill* Payable by the Bank at Demand with Interest. And in that Case; If it were demanded of a Creditor, whether he would rather take a Bank Note without Interest, or an *Exchequer Bill* with Interest: The Answer is apparent.

The Act may make the *Bank* accountable in Parliament, and (to augment its Credit) may exempt it from *Exchequer* Process, Extents, &c.

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The *Bank* by this Means becoming a Parliamentary and *National Credit*, may be capable of performing this great Undertaking, but will nevertheless be *wholly* under the Regulation of the Parliament, and consequently wholesome to the Nation: *And all the specious Objections* of lodging too great a Credit in the *Bank*, will appear to have no Solidity in them; for in this Case it will become a *National Credit*, and every Man interested in turning the Management of it, for unloading the Nation of the Debts.

F I N I S.



